

Message Text

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PAGE 01 LISBON 06044 031814Z

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ACTION EB-07

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E.O. 11652: N/A
TAGS: EWWT, PO
SUBJ: SITUATION OF PORT OF LEIXOES

REF: STATE 205883 (NOTAL)

SUMMARY: PORT OF LEIXOES IS BESET BY A NUMBER OF PROBLEMS. INCREASED LONGSHOREMEN WAGES AND CREWS, LIMITED WORK HOURS AND LOADS, LACK OF EQUIPMENT, AND POOR PLANNING AND MANAGEMENT HAVE ALL CONTRIBUTED TO GREATLY INCREASED COSTS AND TURN-AROUND TIMES. PORT HAS BEEN SUBJECT TO RECURRENT CONGESTION DUE TO LABOR PROBLEMS. THERE WAS A 3 DAY SLOW-DOWN STRIKE BY LONGSHOREMEN THIS WEEK, WHICH HAS CAUSED CONSIDERABLE CONGESTION. HOWEVER, IT DOES NOT APPEAR CONGESTION HAS BEEN SUFFICIENTLY PERSISTENT TO JUSTIFY IMPOSITION OF CARGO SURCHARGE. END SUMMARY.

1. EMBASSY OFFICER VISITED PORT OF LEIXOES AND HAS TALKED WITH PORT AND SHIPPING AGENCY OFFICIALS.
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PAGE 02 LISBON 06044 031814Z

LABOR DIFFICULTIES HAVE CAUSED RECURRENT CONGESTION AT

PORT IN JUNE-JULY AND AGAIN THIS WEEK. HOWEVER, WHEN EMBASSY OFFICER VISITED PORT ON AUG 23, A MONDAY, FOUR OF THE FIVE SHIPS AWAITING BERTHS HAD ARRIVED OVER WEEKEND. ONLY SHIPS REGULARLY EXPERIENCING PROLONGED WAITS (MORE THAN 24 HOURS) HAVE BEEN LOG CARRIERS FROM SOUTH AMERICA AND AFRICA. BECAUSE OF LIMITED EQUIPMENT AND FACILITIES ONLY TWO LOG SHIPS CAN BE UNLOADED AT A TIME.

2. EUROPEAN SHIPPING CONFERENCE ALREADY IMPOSED 20 PERCENT SURCHARGE FROM EUROPEAN PORTS EFFECTIVE JULY 17 (DURING PEAK OF PREVIOUS PERIOD OF CONGESTION). SOME SHIPPING AGENCIES REPORTEDLY HAVE NOT IMPOSED SURCHARGE, APPARENTLY ESSENTIALLY AGREEING WITH PORT DIRECTOR THAT SURCHARGE IS UNJUSTIFIED AND "OPPORTUNISTIC."

3. IT APPEARS THAT MORE SIGNIFICANT PROBLEMS THAN CONGESTION ARE GREATLY INCREASED COSTS AND TURN-AROUND TIME. PROBLEMS ESSENTIALLY DUE TO:

- INCREASED WAGES AND WORK FORCE. KNOWLEDGEABLE OFFICIALS ESTIMATE DIRECT WAGES HAVE RISEN ABOUT 100PERCENT IN LAST TWO YEARS. AT SAME TIME, STEVEDORE UNIONS HAVE FORCED INCREASES IN SIZE OF WORK CREWS. FORMERLY, THERE WAS NO MINIMUM SIZE OF CREW; NOW PRACTICAL MINIMUM IS 4 TO 6, WITH SOME CREWS CONTAINING UP TO 12 MEN. REGULAR DOCK FORCE HAS NEARLY DOUBLED, TO AROUND 2000.
- LIMITED WORK HOURS AND LOADS: BEFORE 1974 REVOLUTION LONGSHOREMEN WORKED 6 DAY WEEK AND WERE AVAILABLE FOR NIGHT AND SUNDAY WORK IF NEEDED. NOW NO WORK IS DONE BETWEEN 8:00 P.M. AND 8:00 A.M. OR ON SUNDAYS. THREE HOURS OF OVERTIME IS PAID IF WORK RUNS PAST 5:00 P.M., SO WORKERS HAVE INCENTIVE TO DRAG WORK OUT UNTIL 5:15 P.M. DOUBLE TIME IS PAID FOR WORKING SATURDAY MORNINGS; 2-1/2 TIMES FOR SATURDAY AFTERNOONS. LOADS FOR GENERAL CARGO HAVE BEEN REDUCED FROM 4 PALLETS TO 1 OR 2;
- PROBLEMS OF EQUIPMENT AND FACILITIES: BESIDES SHORTAGE OF SHORE EQUIPMENT (E.G. SIDE LOADERS), POOR MAINTENANCE OF EQUIPMENT AND ROADS REPORTEDLY CAUSE AVERAGE 50 PERCENT OF EQUIPMENT TO BE DOWN. GRAIN LIMITED OFFICIAL USE

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PAGE 03 LISBON 06044 031814Z

UNLOADING IS LIMITED TO 1000-1200 TONS/DAY DUE TO LACK OF MODERN SUCTION EQUIPMENT. ALTHOUGH THERE ARE 23 BERTHS, THERE CURRENTLY IS ONLY ONE CONTAINER BERTH (A NEW ONE IS UNDER CONSTRUCTION) AND RESTRICTED CONTAINER STORAGE;

- POOR PLANNING AND MANAGEMENT: CARGO PORT IS CONSTRICTED BY CIRCUMFERENTIAL ROAD, HIGHWAY BRIDGE, AND FISHING PORT. BECAUSE OF SILTING AND LACK OF RIVER

TRAFFIC, ADJACENT, OLDER PART OF MOUTH OF DOURO CAN SERVICE ONLY SMALL VESSELS AND IS LITTLE USED. PRESIDENCY FOR PORT OF LEIXOES AND DOURO HAS BEEN EMPTY SINCE PURGE OF ADMIRAL GRACA AT BEGINNING OF 1976. ACTING DIRECTOR VAN STOEFFEL IS NOT HIGHLY REGARDED, ALTHOUGH LEIXOES DIRECTOR ESPINHA APPEARS COMPETENT.

4. PROBLEM OF RECURRENT CONGESTION EXISTED LONG BEFORE 1974 REVOLUTION. BEFORE RECENT LIMITED EXPANSION LEIXOES CLAIMED ONE OF HIGHEST RATIOS OF TONNAGE TO DOCK SPACE IN WORLD. LEIXOES HANDLES ALMOST SAME AMOUNT OF CARGO AS LISBON - 2.8 MILLION TONS VS LISBON'S 3.4 MILLION TONS IN FIRST FOUR MONTHS OF 1976. SHIPPING AGENTS CLAIM THAT, DESPITE PROBLEMS AT LEIXOES, PRODUCTIVITY IS WORSE IN LISBON (AVERAGE 4-5 TONS/HOUR FOR UNLOADING GENERAL CARGO, VS. 9-10 TONS/HOUR IN LEIXOES), ALTHOUGH CONGESTION IS LESS DUE TO SPACIOUSNESS OF LISBON'S PORT. WHILE LEIXOES' PORT COSTS HAVE RISEN GREATLY, THEY ARE REPORTEDLY STILL ON A PAR WITH MOST OF EUROPE.

5. LONGSHOREMEN STAGED SLOWDOWN STRIKE THIS WEEK, WORKING ONLY 2 HOURS A DAY (AND/OR 20 PERCENT OF NORMAL). AS DURING PREVIOUS DISPUTE IN JUNE-JULY, WORKERS SEEKING REDUCTION OF PAY DIFFERENTIALS BETWEEN STEVEDORE CLASSES, AND INSURANCE AND OTHER SOCIAL BENEFITS NOT INCLUDED IN CURRENT CONTRACT. ABOUT 20 SHIPS REPORTEDLY ARE WAITING FOR BERTHS, WITH MANY OTHER DIVERTED TO VIGO AND OTHER NORTHERN SPANISH PORTS. STRIKE HAS ALREADY CAUSED CEMENT SHORTAGE IN NORTH, SUPPLIED PRINCIPALLY BY SECIL CEMENT PLANT IN SETUBAL. THREE SHIPS CARRYING 2070 TONS OF CEMENT ARE AWAITING BERTHS. SECIL TERMINAL IN OPORTO NORMALLY HANDLES 1100 TONS PER DAY. LIMITED OFFICIAL USE

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PAGE 04 LISBON 06044 031814Z

ON SEPTEMBER 1 DOZENS OF TRUCKS FROM NORTH WERE LINED UP AT SECIL PLANT, TWO HUNDRED MILES FROM ULTIMATE DESTINATION. ALTHOUGH LONGSHOREMEN REPORTEDLY ENDED STRIKE SEPTEMBER 1, ISSUES HAVE NOT BEEN SETTLED AND MORE LABOR AGITATION IS LIKELY.

6. COMMENT: IT DOES NOT APPEAR THAT CONGESTION HAS BEEN SUFFICIENTLY PERSISTENT AND PROTRACTED TO BE JUSTIFICATION, UNDER CODE OF CONFERENCES, FOR IMPOSITION OF SURCHARGE. PORT OF LEIXOES, HOWEVER, DOES HAVE SERIOUS AND FUNDAMENTAL PROBLEMS, WITH NO EASY SOLUTIONS IN SIGHT. MANY OF THESE PROBLEMS (ESPECIALLY LABOR) ARE ENDEMIC IN PORTUGAL. FOR EXAMPLE, TANKERS UNLOADING CRUDE OIL AT LEIXOES, WHILE NOT AFFECTED BY RISING LONGSHOREMEN COSTS, HAVE EXPERIENCED GREATLY INCREASED

COSTS FOR SUPPLIES THEY TAKE ON. MANY OF THESE PROBLEMS
CAN BE SOLVED THROUGH LOCAL INITIATIVE AND GOOD MANAGE-
MENT. OTHERS WILL REQUIRE SOLUTIONS ON A NATIONAL
LEVEL.
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